

## Shock-responsive risk transfer mechanisms



Shock-responsive risk transfer mechanisms, including for example social protection or/and climate risk insurance schemes are one of the 11 key type of interventions that are contributing to building climate resilience for agriculture and food systems. Limited assets or the lack of social protection coverage can result in negative coping capacities, which may lead to a negative spiral of vulnerability and poverty. Shock-responsive or risk sensitive social protection schemes can thus protect assets and livelihoods to help better manage risks. In addition, it can assist producers' organizations or farmers' cooperatives to manage contingency funds, savings and loan schemes as well as risk-sharing schemes (i.e. grain reserves, warehouse receipt systems and revolving funds). Furthermore, insurance, such as crop insurance and weather index-based insurance, can help spread the risk of income loss to farmers. Due to the agricultural sector's sensitivity to weather and climate, smallholder farmers are highly exposed to multiple climate risks. These shocks can trap farmers and agriculture-dependent communities in poverty that may also reduce their willingness to invest in risk reduction measures.

	Global and national level indicators	Name of framework /initiative /study	Subnational and local level indicators	Name of framework /initiative /study
<b>Coverage by risk informed social protection schemes</b>	Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work- injury victims and the poor and the vulnerable (%)	SDG 1.3.1 (2015)	Number of households that acquire farm inputs and assets to recover from losses	World Bank (2017)
			Number of farmers/pastoralists/agricultural households that have received government support (e.g. food vouchers, farm assets or inputs) to deal with disasters/climate shocks	World Bank (2017)
			Number of households benefitting from safety nets programs	World Bank (2017)
<b>Coverage by climate risk insurance</b>	Percentage of area insured with respect to the total area (%)	Government of Colombia (2017)		
	Number of farmers accessing agriculture insurance	NAP-AG UGA (2017)		
	Number of businesses that have access to risk insurance against extreme weather episodes	KCCAP KEN (2012)		
<b>Investments in social protection and coping capacities</b>	Proportion of total government spending on essential services (education, health and social protection)	SDG 1.a.5 (2015)	Level of household savings	ARCAB (2012)
	Total government spending in social protection and employment programmes as a proportion of the national budgets and GDP	SDG 8.b.1 (2015)	Percentage increase in savings per household (%)	CARE (2011)
			Level of household debt	ARCAB (2012)
			Percentage of households with non-agricultural income sources (%)	CARE (2011)